

Honolulu, Hawaii

MAR 05 2021

RE: S.B. No. 320

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committees on Judiciary and Ways and Means, to which was referred S.B. No. 320 entitled:

"A BILL FOR AN ACT RELATING TO TAX RETURN PREPARERS,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require each tax return preparer to have a valid preparer tax identification number issued by the Internal Revenue Service and to furnish the preparer's tax identification number on any return or claim for refund if required by the Department of Taxation;
- (2) Establish penalties for non-compliance; and
- (3) Provide that tax return preparers shall not be liable for penalties prior to January 1, 2022.

Your Committees received comments on this measure from the Tax Foundation of Hawaii.

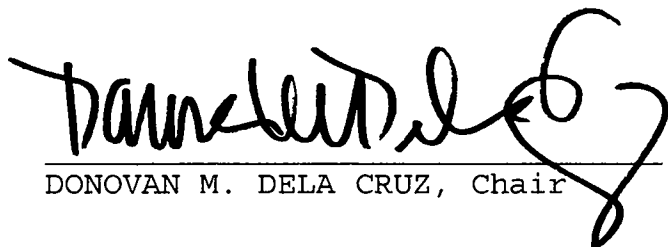
Your Committees find that many tax preparers in the State operate with little oversight or accountability. Requiring all tax return preparers to have a Preparer Tax Identification Number issued by the Internal Revenue Service to prepare any return or claim for refund for compensation will help taxpayers and the Department of Taxation ensure that tax return preparers are held



accountable for returns they prepare. For many local families, the annual tax refund is often the most significant financial transaction of the year. As a result of this measure, taxpayers will have greater assurance that they can rely on the services of their preparers and the Department of Taxation will be able to better monitor tax return preparers and detect problems. This measure's provisions relating to penalties and injunctive relief will provide increased consumer protection resources to protect taxpayers from harm, ensure fair and accurate tax administration, prevent malfeasance by bad actors, and reduce unintended losses in revenue.

As affirmed by the records of votes of the members of your Committees on Judiciary and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 320 and recommend that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committees on Judiciary and
Ways and Means,



DONOVAN M. DELA CRUZ, Chair


KARL RHOADS, Chair



The Senate
Thirty-First Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 320	CPN, JDC/WAM	3/3/21		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
MORIWAKI, Sharon Y.	X			
SHIMABUKURO, Maile S.L.	X			
TANIGUCHI, Brian T.	X			
WAKAI, Glenn				X
FEVELLA, Kurt		X		
TOTAL	9	1		1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes